

A. NARRATIVE: PROJECT OVERVIEW AND DETAILS

1. Rutland Mental Health Services is proposing to build a 17,000 square foot building that will be attached to a building we currently own at 78 S. Main St. This facility currently houses all of administration, MH Adult Crisis services and some Child and Family case managers. The new addition will be used to house the Community Access Program (also known as CAP - our Developmental Services division) and their staff (approximately 50). The building will have three floors. The first two will be occupied and the third floor will be unfinished and used for storage. It can be finished in the future for expansion of DD services if we can acquire more parking. We have purchased a home adjacent to the 78 S. Main St. facility so that the lot can be expanded to handle the demand for additional parking. The facility will be completely accessible with an elevator to all floors and will include a covered drop off for use during inclement weather. It is also designed to be extremely energy efficient. We have received approval from the City of Rutland to proceed with the project pending approval from the State. Unfortunately, we do have one neighbor who is appealing the decision by the City and hopefully we will have that appeal resolved within the next 30 days. The rest of the neighbors have either openly supported the project or have not expressed any concern.
 - a.) The estimated construction period is nine (9) months. The exact time to begin has not been determined because we are waiting for the Rutland City Development Review Board's final approval, but the goal would be to bid the project out late this winter and commence construction as early as possible this spring.
 - b.) The floor plans and a site plan are attached. There is very little work in the existing building except where the addition is attached.
 - c.) The CAP division currently leases at total of 7,792 sq. ft. at the Howe Center. Aside from our residential facilities, this space houses the entire division. The new facility will have 10,000 sq. ft. available for the CAP division, with an additional 7,000 sq. ft. available for storage and growth.
 - d.) The architectural drawings show that the addition will absolutely comply with ADA commercial construction standards and the addition of the elevator will make most of the existing building accessible as well.
 - e.) Required permits include final approval by the Rutland City Development Review Board (appropriate zoning, storm drainage, traffic, site lighting, etc.), a permit from the Dept. of Public Safety, Fire Prevention Division (life safety issues), a State Wastewater System and Potable Water Supply Permit (including storm water in this case) to discharge into municipal utilities and a Construction General Permit, Low Risk Notice of Intent (erosion control).
2. N/A – Does not involve lease arrangements
3. N/A – does not involve refinancing

B. NARRATIVE: GENERAL CRITERIA

CRITERION I: Local Governance Support and Relationship of proposed Project to Agency Strategic Plan

RMHS Board – This organization as well as our Board has discussed the need for new space for some time. In January of 2006, the Board approved a plan to move forward with building an 8,000 to 10,000 square foot facility at 78 S. Main St. The estimated cost to operate the facility annually at that time was \$18.71 per square foot. There has been much work and many revisions since that time and the Board most recently, on February 23, 2007 gave approval for the revised plans that are included with this application. The revisions included increasing the size of the building to 17,000 square feet (10,000 available for programs and 7,000

for storage) and a first year operating cost of \$19.10 per square foot. Although this is an increase of \$1.71 per square foot and \$189,196 in annual operating expense over our current expenses for leased space in the first year, these figures change to a reduction in operating costs of \$127,528 or \$30.35 per square foot by the year 2037, and most importantly, we will own a building that will be worth millions that can be used to benefit our programs and our consumers. Copies of the Board minutes as well as hand-outs with the analyses referred to above are attached.

Local Standing Committee – The building concept, costs, impacts, etc. were thoroughly discussed at the meeting on June 7, 2006 and those minutes are attached.

Public – A public meeting was advertised in the Rutland Herald and held on July 6, 2006. The building plan was presented at this meeting and supported by those in attendance. Minutes of this meeting are attached.

Strategic Plan – A copy of the strategic plan for 2007 is attached and it outlines the goal as well as the progress of building the new facility for CAP.

CRITERION II: Need for the Proposed Project

The Community Access Program (CAP) is currently located at One Howe Center in Rutland Vermont. The Howe Center is a former factory complex that has been converted into several office buildings. CAP occupies two stories of one of the office buildings as well as an office on the second floor of an adjacent building. The primary entrance into the Howe complex is through a live railway with freight trains passing through at regular intervals during the day. This entrance can often be blocked by a train, which requires vehicles and pedestrians to wait until the train leaves or to seek the secondary entrance. Waiting for the train to leave can take as much as one half hour. The secondary entrance to the Howe Center is relatively easily accessed by car, but not by foot because the distance one would need to walk is approximately one mile from the primary entrance.

CAP provides services to individuals with developmental disabilities that include individuals who have physical limitations as well. The CAP office is designed to accommodate both administrative and program functions. Many consumers and their families come to the CAP building on a daily basis to meet with their Case Manager or other staff. In addition, the CAP building offers seminars, classes and meeting space for consumers and their families. As a result, there is regular traffic coming in and out of the building. With the live railway going through the Howe Center, it has become increasingly problematic for consumers and families to navigate their way to the CAP building. Frequently, families and consumers need to wait for the train to go by, before they can gain access to the Howe Center. A major concern is obviously the safety of the consumers who have to travel through the railway on a daily basis; some of who do so without support or supervision. The second concern relates to the traffic within the complex itself. Because the Howe center consists of a group of office buildings that are contained in a relatively small area, parking can be a major challenge. In addition, cars are coming in and out of the area, pulling in and out of parking spaces and this creates an additional challenge that consumers and families must face when trying to get to CAP. Although we have some designated handicapped parking directly in front of the building, additional parking is frequently not available close to the building, and there is no easy drop off space by CAP. This becomes particularly problematic in the winter and when there is poor weather. Consumers and families often have to walk from the distant parking lot to CAP, unprotected from rain and snow.

Over the past several years CAP has also experienced quite a bit of growth. In 2000 CAP served 284 individual and that number has increased to 388 in 2006. This growth has also translated into the addition of more staff, consumers, home providers, and families coming to CAP. As a result, the CAP building has exceeded its capacity to adequately support the needs of the program. Currently, there are between four to six case managers sharing an office. Consequently, Case Managers are unable to have any privacy regarding phone calls or direct, face-to-face, contact with the individuals that they support. In

addition, there is no longer adequate space to conduct trainings, meetings or educational activities for consumers. At the present time CAP is struggling to add any additional case managers due to space limitations.

Based on our previous history, CAP will continue to grow and require more space to support the staff that will be providing these services. The CAP building is at capacity now and certainly is no longer able to accommodate any future growth.

While the CAP building meets many of the ADA requirements, it does not necessarily reflect current standards of best practices. For instance, all the bathrooms are existing bathrooms that have been modified to meet accessibility requirements. Generally, the bathrooms are smaller than many of the newer accessible bathrooms, making it difficult for an individual in a wheel chair to maneuver within the bathroom. The entrance to the building does not have a protective overhang to accommodate an individual who may be slower at getting into the building. In addition, the entrance way does not allow for easy drop off for consumers with physical disabilities. The CAP building is also not self-contained. There are several other businesses in the building including a radio station. Several CAP offices are adjacent to common areas making it difficult to maintain privacy with the flow of traffic from the other business in the building.

This past year CAP has had to rent additional space at the Howe Center to accommodate the continuing growth of the employment program. Fortunately, their offices are right across the street, making it relatively easy to ensure effective coordinating of services. However, the additional space has added to the cost of leased space for CAP.

The new building that is being proposed will address all of the previous mentioned issues in a manner that will be responsive to the short term as well as the long-term needs of the CAP program. The critical issues of easy access to a building that is safe and accommodating would be addressed as well. The new building would be accessed through a circular drive where consumers would be able to be dropped off right in front of the door under a protective overhang. In addition, parking would be increased to accommodate the existing as well as future needs of the program. The new building would also be able to accommodate the space needs for staff and consumers. Instead of having four to six case managers sharing an office; offices would be designed to accommodate two case managers per office. In addition, there would be additional space available to accommodate training, and educational needs of consumers and families. Adding a handicapped shower, small laundry facility as well as adding an accessible kitchen will provide greater programmatic flexibility and address ongoing health and hygiene concerns. The building would certainly be able to accommodate all programs currently provided through CAP. This would include Life Steps, Career Choices, Case Management, Nursing, Residential and Family Supports. The benefit of having all these programs under one roof is obvious. Aside from providing one-stop services for consumers and their families, having all services under one roof leads to better communication, coordination, and seamless service delivery. Without a new building, CAP would have to begin leasing additional space within Rutland, moving and splitting the various programs. As a result consumers and families may be required to go to multiple locations for different CAP services that could lead to confusion as well as frustration for consumers and families. Of even a greater concern is the impact that this would have on the quality of services. Consumers and their families have been clear in their desire to have easy access and coordination of services. With CAP having services at multiple locations, the challenges for staff and service recipients alike to navigate services would be severely challenged. Lastly, administrative functions will be more efficient due to the proximity of general administration being located in the adjacent building and immediate access to IT services, accounting, accounts receivable and human resources.

As we begin to describe in detail the plans for this building project we believe that it can only enhance the quality of services being offered by CAP by providing an accessible, friendly, and flexible environment that can accommodate the multiple needs of the consumers and families we support each day.

CRITERION III: Organizational Structure, Affiliations and Operations

The Community Access Program (CAP) is a division in Rutland Mental Health Services, Inc. (RMHS), a recognized designated agency in the State of Vermont that provides mental health, developmental and substance abuse services. RMHS is a 501(c) 3 organization that is affiliated to another corporation, Rutland Community Programs, Inc. (RCP). RCP houses non-mental health programs such as Head Start, RSVP and Foster Grandparents and also purchases administrative services from RMHS. Both RMHS and RCP operate under a holding corporation known as Rutland County Community Services, Inc. (also known as the Community Care Network or CCN). CCN and RCP are both 501(c) 3 corporations and have independent board members. The majority of board members of CCN are RMHS board members. CCN has no staff and provides no services but houses insurances for both RMHS and RCP and creates economies of scale opportunities for both corporations.

RMHS also currently has an affiliation with Rutland Regional Medical Center (RRMC). Although each organization is free standing and maintains independent board governance, each organization has a board member on the other organization's board to support the relationship. The primary benefit of this affiliation has been staff sharing (to and from both organizations), including psychiatrists, nurses and others. Historically, the President and CEO of RMHS (Mark Monson) had been contracted from RRMC as a 50% FTE and this individual reported to both the CEO of RRMC and the Chair of the Board of RMHS. Mark has accepted a position at another hospital and as of March 1, 2007, the interim CEO and President (Tom Pour) will remain under the employment of RMHS and will report solely to the Chair of the RMHS board. Tom is also the Vice President of Operations and CFO and has been with the organization for over 28 years. Tom will directly oversee Jerry Bernard, the Vice President of Developmental Services, which is the program that will be using this new facility. There has been discussion and preliminary agreement between RMHS and RRMC that with the departure of Mark Monson, a new affiliation agreement will be developed. Our board is in agreement that the new CEO will work directly for RMHS and report to the Chair of RMHS and may be contracted for services to RRMC for up to 20% of his or her time. A new affiliation agreement will likely be developed in the next three to six months. The Board of RMHS is currently determining the attributes/qualifications needed for the new CEO and also developing a strategy for recruiting this individual.

Lastly, the Rutland Area Visiting Nurses Assoc. (RAVNA), RRMC and RMHS are partners in a local Foundation organization known as the Rutland Health Foundation. This organization has raised over \$1 million for RAVNA when they built a new facility and we are hopeful that a minimum of \$250,000 will be raised for our project.

CRITERION IV: Financial Feasibility and Impact Analysis

Because the current space for the CAP program has been leased for 15 years at the current location with increasing challenges outlined in the first part of this application, we have been actively searching for alternative location for about five years. We have been unable to find an existing facility that would meet our accessibility needs and due to the desire to be located in the center of the County, Rutland City, land opportunities have been far and few between. Although there has always been a plot of land at the 78 S. Main St. facility, parking was inadequate to accommodate an addition. Fortunately, an adjacent piece of property went on the market in the summer of 2006. The agency secured the home as well as the land to be used for additional parking in the Fall of 2006 so the project could move ahead.

Financially, the long-term cost of leasing versus owning does not make sense. As illustrated in the attachment with the header "COST ANALYSIS OF A NEW CAP FACILITY @ 78 S. MAIN ST.", which was presented to the board on February 23, 2007, in 30 years, when the building is fully depreciated and the mortgage has been paid for ten years, we will be saving over \$125,000 annually to operate a facility with 17,000 square feet over the cost our current leased facility with LESS than 8,000 square feet. Additionally, we will own a building worth over \$5 million versus a stack of cancelled rent checks worth nothing.

This analysis does show that we will need about \$60,000 more funding for expenses in year one to cover operational expenses. We expect to charge about \$25,000 of this shortfall to our Child division. They will

be using the offices in the building we acquired in the Fall of 2006 so that we could expand the parking lot. About \$10,000 should come from inflationary funding for expenses already in the budget and the last \$25,000 will simply come out of the bottom line. Again, the figures are only an estimate and we will have a better grasp of the impact on the budget when bids are received and interest rates are set when the bond is issued this summer.

An analysis was also presented to the board at this same meeting illustrating the estimated cost of the facility, the financing and the ongoing costs to operate. We do hope to participate in a bond along with other Designated Agencies in the summer of 2007 and hope to secure a rate of 5.5% over 20 years. The last bond issuance actually had lower rates when the bond was issued in 2006. As noted in AFFILIATIONS, we also hope to have about \$250,000 in donations with a capital drive along with \$500,000 of cash from RMHS to lower the total cost of \$3.6 million to the need to borrow \$2.775 with a bond. This is illustrated on the attachment with the header "New Building at 78 S. Main St.". On the flip side of that attachment is an analysis that shows a principal coverage ratio. This analysis is important to bankers and to bond holders and essentially shows that we have enough funding to support this project. The P/I coverage ratio should be more than 1.0 and using the costs estimated and our gain in our most recent audit, the ratio is 1.46x.

Costs and methods of construction: The addition will be a 3 story, wood frame, bearing wall structure with a partial sub basement. The upper floor will not be finished at this time, but will be available for future growth. It will have an elevator and central air conditioning with high quality windows and durable finishes. Insulation, lighting and mechanical equipment exceeds Efficiency Vermont's recommended minimum standards. The building will be residential in character with clapboard siding in keeping with the existing building. The total area of the addition is 17,000 sq. ft. at a cost of \$2,300,000 (this does not include site work) or \$135.00 per sq. ft. It does appear to be a very economical and efficient addition.

There is a comparable one story, 6500 square ft. doctor's office building with about 1/3 of the space unfinished and of similar construction just being built in Rutland. The cost is \$850,000 (without site work) or \$131.00 per sq. ft. without an elevator.

Financial tables attached.